



Implementation of 2022 Market Rates FAQ

This FAQ is an attachment to Subsidized Child Care Assistance Administrative Letter #04-22. Please refer to the Administrative Letter for full policy and procedures.

1. Does DCDEE expect providers to retroactively charge their private pay families?
 - a. Example: private rate in June 2022 is \$800. Provider updates their private rates to \$1000 retroactively effective to July 2022. This makes a difference of \$200 for each month. **Does DCDEE expect providers to retroactively charge their private pay families the \$200 difference for July – October service months?**

Response: No, DCDEE does not expect providers to retroactively charge private pay families. We realize that this means that for the months of July – October providers' subsidy payments may be greater than the amount charged to private pay families. For monitoring purposes, this will not be considered non-compliance for July – October service months.

2. Potential scenarios for providers that charge the difference between the market rate and private rate for subsidy children.
 - a. Scenario #1:
Private rate = \$1000
Subsidy rate = \$800
Change in MR makes subsidy rate = \$1000

Subsidy families were charged the difference of \$200 for July – October and that was correct at the time. Makes a total of \$800. With the retroactive payment back to July, provider is being given that difference of \$800 by DCDEE. **How does DCDEE expect providers to handle this?**

Response: DCDEE recommends that providers either reimburse or credit the subsidy families for the difference.

- b. Scenario #2
The increase in private rate causes the difference between private rate and subsidy rate to increase. **Does DCDEE expect providers to retroactively charge their subsidy payments the difference?**

Response: DCDEE does not expect providers to retroactively charge their subsidy parents any difference between private rate and subsidy rate for the months of July – October.

3. Do providers that do not need an additional private pay rate increase due to the Market Rate increase need to do anything to assure we will get paid retroactively to 7/1/2022 in the portal?

Response: DCDEE does not require the provider to complete additional tasks in the provider portal. If the market rate increase caused a change in the providers approved rate from 7/1/2022, the system will recalculate payment and will create underpayments. If there is no change in approved rate, there won't be any change in payments and no underpayments will be generated.

For example, if market rate was \$500 and private rate was \$550, and the new market rate is \$600, their approved rate changes from \$500 to \$550 even if the provider does not change anything in portal. Underpayments will generate from 7/1/2022.

If you have additional questions about the information in this FAQ please contact dcdee.subsidy.policy.help@dhhs.nc.gov to reach technical assistance and policy consultation.